

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6441

BILL NUMBER: HB 1176

NOTE PREPARED: Jan 11, 2006

BILL AMENDED:

SUBJECT: Handgun License Renewal.

FIRST AUTHOR: Rep. Woodruff

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that the period during which an application for the renewal of a handgun license may be filed begins 180 days before the license expires. It allows a person to apply for the renewal of a handgun license over the Internet or by mail if the license has not expired and the State Police Department (ISP) has a record of the person's fingerprints. It authorizes the ISP to collect a maximum \$10 renewal fee, and requires that a renewal application be granted or denied within 14 days.

The bill also repeals provisions (1) relating to an audit of the destruction of handgun purchase records by the Attorney General; (2) describing State Police procedures in reference to a background check request by a handgun dealer; (3) specifying a handgun buyer's right to review and correct criminal history information; (4) establishing a criminal penalty for obtaining criminal history information under false pretenses; and (5) establishing a criminal history check fee. The bill makes other changes and conforming amendments.

Effective Date: July 1, 2006.

Explanation of State Expenditures: *Internet Website.* The bill provides that the ISP Superintendent must establish and maintain a secure Internet website for license renewal. If the website is not established as part of the computer gateway administered by the Office of Technology, the Superintendent must maintain a hyperlink on the computer gateway that permits a user to connect to the Internet website for license renewal. The website must provide a person the opportunity to print a form for license renewal, complete the form, and submit an application for the renewal of an existing license by mail. An application for the renewal of an existing license must be granted or denied not later than 14 days after the application is submitted over the Internet or the application is received by mail. With respect to establishing and maintaining an electronic system

with Internet access whereby applicants can apply for a handgun license, the projected additional expenses for the system are outlined in the table below.

Task	Services	Equipment	Totals
Provide web-based gun permit application for Internet applicants	\$80,000	\$30,000	\$110,000
Build web-based gun permit approval process for local agencies*	\$45,000		\$45,000
Develop E-commerce for on-line payment of fees.	\$35,000		\$35,000
Web-Based Gun Permit Application Estimate	\$160,000	\$30,000	\$190,000
Create firearms repository in FileNet**	\$10,000	\$25,000	\$35,000
Modify CHRIS***	\$20,000		\$20,000
Rewrite background check process to behind-the-scenes automated	\$40,000		\$40,000
Create scanning form/high-speed data entry screen for hardcopy applications related to handgun license.	\$40,000		\$40,000
Management / Audit report development	\$10,000		\$10,000
Firearms Imaging Estimate	\$120,000	\$25,000	\$145,000
Total	\$280,000	\$55,000	\$335,000
*The bill does not require. **Make record division consistent with records repository. ***Criminal History Records Info System. Interfaces with counties and the FBI.			

ISP issues about 80,000 gun permits per year. Using an electronic system could save time and resources. An estimated three staff positions could be eliminated with the automated system for a reduction in expenditures for staff of an estimated \$140,000 per year. Additional reductions could include expenses for paper, elimination of manual record-keeping, processing, and accessing as well as improved security for the documents.

Background. Under existing law, the law enforcement agency which accepts an application for a handgun license must collect a \$10 application fee, \$5 of which must be refunded if the license is not issued. Fees are deposited into the law enforcement agency's firearms training fund or other appropriate training activities fund. The fund can be used by the agency for the purpose of training law enforcement officers or purchasing the law enforcement officers' firearms or firearm-related equipment. The officer to whom the application is made must ascertain certain information about the applicant. The officer must also conduct an investigation into the applicant's official records and verify the applicant's character and reputation, and the accuracy of the information contained in the application. The officer must forward the information with the officer's recommendation for approval or disapproval and one set of legible and classifiable fingerprints of the applicant to the ISP. The ISP may further investigate and approve or disapprove the application. The ISP must forward its recommendation to the officer to whom the application is made and the applicant. The ISP must retain a copy of the application for at least four years. The license is valid for four years. At the time a license is issued

and delivered to a licensee, the superintendent must include information concerning handgun safety.

Adoption of Rules. The ISP must adopt rules that require the Superintendent to keep on file one set of classifiable and legible fingerprints from every person who has received a license to carry a handgun so that a person who applies to renew a license will not be required to submit an additional set of fingerprints. It is presumed that ISP will be able to cover costs associated with rule-making given its existing level of budget and resources. Costs associated with retaining fingerprints are also presumed to be covered by revenue generated from the Internet Handgun License Renewal Account.

National Instant Criminal Background Check System (NICS). The bill provides that the state must participate in NICS, which is maintained by the Federal Bureau of Investigation. The ISP should be able to conform with this provision given its existing resources. The state and federal systems differ only in the definition of drug abuse.

Criminal History Checks. Under existing law, a dealer may not sell, rent, trade, or transfer a handgun to a person until the dealer has obtained a criminal history check from the ISP. The bill eliminates the requirement of the ISP criminal history check and instead provides that dealers may not sell, rent, trade, or transfer a handgun to a person until the dealer has obtained from the prospective purchaser a completed and signed Form 4473 and contacted NICS to request a background check. Dealers may transfer the gun when authorization from NICS is received. This provision will reduce administrative expenses for the ISP by an indeterminable amount.

The bill deletes provisions relating to the ISP providing a form that purchasers of handguns must fill out and give to the dealer in order for the dealer to obtain criminal history information from the ISP. The purchaser instead would be required to complete Form 4473 provided by the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives. This provision should reduce ISP administrative expenses associated with providing the form. However, the dealer must still forward a copy of the form to the ISP. Consequently, the ISP will maintain expenses associated with processing the form.

Maintenance of Records. The bill repeals IC 35-47-2.5-8, which provides that the ISP may not maintain records in any form, including a computer data base, longer than 30 days after a dealer's request for a criminal history check concerning a buyer or transferee who is not found to be prohibited from possessing and transporting a firearm under state or federal law. A log of requests made to the ISP may be maintained for not more than 12 months, if the log consists only of the name of the purchaser; the dealer identification number; the unique approval number; the transaction date; and a record indicating that the fee collected by the dealer that has been transferred to the ISP. This provision could reduce administrative expenses for the ISP by an indeterminable amount.

Repealed Provisions. This bill repeals IC 4-6-3-12, which requires the Attorney General to conduct a compliance inspection to substantiate compliance upon receipt of a complaint that records of handgun purchases are not being timely destroyed. The Attorney General must report the findings of inspections to the Governor and to the presiding officer of each house of the General Assembly. Repealing this provision will reduce expenditures by a minimal amount.

Explanation of State Revenues: *Internet Renewal Fee.* The bill allows the ISP to collect a maximum \$10 renewal fee through Internet renewals. ISP receives about 80,000 applications for licenses and renewals each year. The ISP currently collects \$15 per renewal. The bill reduces this fee to \$10 for Internet renewals. If 50%

of those seeking a license or renewal apply via the Internet, and if 50% of those requests are for renewals, the ISP could lose an estimated \$100,000. Revenues collected from Internet applications must be deposited in the Internet Handgun License Renewal Account within the state General Fund.

Internet Handgun License Renewal Account. The Internet Handgun License Renewal Account is established within the state General Fund for the purpose of defraying the expenses related to operating the Internet web site for license renewal. The account must be administered by the Superintendent. The expenses of administering the account must be paid from money in the account. Money in the account at the end of a state fiscal year does not revert to the state General Fund.

Fee for Criminal History Checks. The bill repeals IC 35-47-2.5-11, which provides that firearms dealers must collect a fee of \$3 for every transaction for which an ISP criminal history check is required. The fee must be transferred to the ISP. The ISP must deposit the fees in a special fund for use in offsetting the cost of conducting criminal history checks. From 2003 through 2005, the number of background checks that were assessed the \$3 fee averaged about 16,000 per year. Given this figure, the \$3 fee generates about \$48,000 per year. The bill would eliminate this fee and revenue.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: ISP.

Local Agencies Affected: Law enforcement entities.

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